

# Memorandum

To: Panel Members

Date: June 26, 2003

From: Dolores Kendrick, Manager  
Peter DeMauro, General Counsel

Analyst: N. Weingart

Subject: Proposed Amendment No. 2 for **Hirsch Electronics Corporation (<100)**  
(www.hirschelectronics.com)

## CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 71
  - In California: 63
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## CONTRACT:

- Program Costs:
  - Present Program Costs:** \$69,120
  - Amendment Program Costs +:** \$5,760
  - Total Program Costs:** \$74,880
- Substantial Contribution:
- In-Kind Contribution:
  - Present In-kind Contribution:** \$97,923
  - Amendment In-Kind Contribution +:** \$ 9,504
  - Total In-Kind Contributions:** \$107,427
- Total ETP Funding: \$74,880
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Orange
- Duration of Agreement: 24 months

### **ACTIVE PROJECTS:**

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number To be Retained	Number Enrolled	Number Completed Training	Number retained for 90 days
ET02-0237	1/28/02-1/27/04	\$69,120	54	57	48	46

The Contractor reports that the last two trainees will complete their 90-day retention on July 2, 2003. This will give the Contractor an 89% completion rate for Phase I of the Agreement.

### **NARRATIVE:**

Hirsch Electronics Corporation is a privately held corporation that manufactures high-security access control systems. This small company has been refocusing its business strategy and transitioning to a High Performance Workplace to compete in the California economy. Hirsch had heretofore relied on a few managers to make all decisions; few processes and procedures had been in place to guide frontline workers in day-to-day business operations. These antiquated business practices had become both costly and inefficient. With a new company focus on quality and efficiency came new and different job responsibilities for workers. To remain employed, workers were trained in Continuous Improvement, Business Skills, and Management Skills.

Now, as Hirsch's software development expands, the need for professional, standardized, company-wide, quality assurance (QA) testing program is paramount to the company's continued success. Hirsch develops its own software to operate its products and equipment; however, the company has no standard methodology for determining when software has been properly tested and is stable enough for deployment. Currently, employees responsible for software testing use dissimilar methods based on the needs of their various departments. This kind of situation is no longer practical in a company aspiring to a standard zero defect policy. Consequently, additional training has been developed to educate 12 Project/Program Managers, Test Engineers, and Quality Assurance staff (Technical Services) in a formal QA methodology spanning all relevant departments.

The **Computer Programming and Testing** curriculum consists of: Role of Software Test Engineers; Objectives and Limits of Testing; Understanding Software errors; Types of Errors; Reporting Errors; Analyzing and Reproducing Errors; Introduction to and Design of Black Box Testing; Documenting Testing; Testing Online Help Systems; Testing Tools; Test Planning Objectives; Creating Test Plans; and Developing Test Templates.

The goal of this training is for all trainees to develop standardized operations, use the same terminology and software, and work as a unified team. Hirsch will then be able to deliver products tested to defined standards, using defined, widely accepted procedures, and establish measures of success in product quality and delivery.

The Contractor has sufficient time left in the Agreement term to complete this additional training.

**Supplemental Nature of Training**

This training curriculum is new to the company; it has never been provided. Without Panel funding, the company would not be able to provide as much of the training curriculum to as many workers.

**In-Kind Contribution**

The employer's in-kind contribution, which is currently \$97,923, will increase by \$9,504 to a total of \$107,427 for trainee wages paid during training.

**COMMENTS:**

No executive level staff that set company policy have been included in the Agreement.

Participants in this project meet the Panel definition of frontline worker under Title 22, California Code of Regulations, Section 4400(ee).

**Training under 40 hours:**

The Contractor is requesting a waiver to the ETP 40-hour minimum requirement for Phase II trainees. Twelve Project/Program Managers, Test Engineers, and Quality Assurance Staff will receive 24 hours of class/lab training in the aforementioned Computer Skills curriculum. These courses focus on strategic and tactical approaches to software testing given in an intensive, 3-day series provided by an outside consultant. The program has been tested and used by other consumer software development companies. This training will allow staff to carry out their current work assignments more effectively by providing consistent, in-depth knowledge about the products with which they work.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Amendment and the 24-hour training program if funding is available and the project meets the Panel priorities. This recommendation is based on Hirsch Electronics' stated need to provide its workers with skills to continue its transition to a high performance workplace environment to remain competitive and meet customer demands.

**TRAINING PLAN: (Phase I)**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
1-3 Retrainee	Continuous Improvement Management Skills Business Skills	54	44-88	0	0	\$880-\$1,760	*\$11.66-70.96
						<b><u>Range of Hourly Wages</u></b> *\$11.66-70.96	
						<b><u>Prevalent Hourly Wage</u></b> \$27.03	
						<b><u>Average Cost per Trainee</u></b> \$1,280	
<b><u>*Health Benefit used to meet ETP minimum wage:</u></b> Health benefits in the amount of \$1.00 per hour will be added to the base wage of workers in Job 3 to meet the ETP minimum hourly wage requirement of \$11.66 for Orange County.					<b><u>Turnover Rate</u></b> 8%	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b> N/A	

**TRAINING PLAN: (Phase II)**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Retrainee Job 4	Computer Skills	12	24	0	0	\$480	\$14.43-\$62.50
					<b><u>Range of Hourly Wages</u></b>		
					\$14.43-\$62.50		
					<b><u>Prevalent Hourly Wage</u></b>		
					\$33.00		
					<b><u>Average Cost per Trainee</u></b>		
					\$480		
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>	
Although the company pays health benefits for its employees, the hourly contribution is not being used to meet ETP minimum wage requirements for Job 4 trainees.					8%	N/A	

## **Hirsch Electronics Training Curriculum**

### Class/Lab Hours

44-88

(Jobs 1-3)

**Phase I** trainees will receive any of the following:

#### Continuous Improvement

- Quality Concepts
- Problem Solving
- Teambuilding

#### Business Skills

- Communication Skills
- Customer Service

#### Management Skills

- Leadership
- Coaching Procedures

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(Job 4)

**Phase II** trainees will receive the following:

#### Computer Skills

#### Computer Programming and Testing

- Role of Software Test Engineers
- Objectives and Limits of Testing
- Understanding Software errors
- Types of Errors
- Reporting Errors
- Analyzing and Reproducing Errors
- Introduction to and Design of Black Box Testing
- Documenting Testing
- Testing Online Help Systems
- Testing Tools
- Test Planning Objectives
- Creating Test Plans
- Developing Test Templates